

# **STATE PROPERTIES COMMITTEE MEETING**

**TUESDAY, FEBRUARY 2, 2010**

The meeting of the State Properties Committee was called to order at 10:06 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Genevieve Allaire-Johnson representing the Rhode Island Department of Attorney General; John A. Pagliarini, Jr., Public Member. Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Meredith Pickering from the Rhode Island Senate Fiscal Office; Terri Bisson and Robert Parquette from the Rhode Island Department of Environmental Management; John Ryan and Michael D. Mitchell from the Rhode Island Department of Administration; and Louis Saccoccio from the University of Rhode Island.

Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.

A motion to defer approval of the meeting minutes from the meeting of December 8, 2009, was made by Mr. Pagliarini and seconded by Ms. Allaire-Johnson.

**Passed Unanimously**

A motion was made to approve the meeting minutes from the meetings of

December 22, 2009, as amended, January 5, 2010 and January 19,

2010, was made by Mr. Pagliarini and seconded by Ms. Allaire-Johnson.

**Passed Unanimously**

**ITEM A – Department of Administration – A request was made for final approval of and signatures on a Warranty Deed by and between P.J.C. Realty Company, Inc. and the State of Rhode Island, acting through the Department of Administration, for the acquisition of property located at 50 Service Avenue in the City of Warwick. Mr. Ryan presented maps and aerial photographs of the subject property for the Committee's review. Mr. Ryan stated that the Department of Administration previously appeared before the State Properties Committee on November 10, 2009, and obtained approval of and signatures on a Purchase and Sale Contract. A closing on the property is scheduled for Tuesday, February 9, 2010 at 10:00 a.m. Mr. Mitchell stated that the Department of Administration has completed the due diligence process as required by the Purchase and Sale Agreement. A survey of the subject property was performed and a title commitment has been obtained from Commonwealth Title Company. Mr. Mitchell stated that before the Committee today is a Warranty Deed and a Bill of Sale for the acquisition of office furniture which is being sold together with the building. Mr. Mitchell indicated that Mr. Woolley of the Department of Attorney General has reviewed both documents and indicated that they meeting with his approval. Mr. Pagliarini noted several errors contained in the draft Warranty Deed and asked if said errors have been corrected on the final**

document. Mr. Mitchell assured Mr. Pagliarini that each of the errors has been corrected. Mr. Pagliarini asked whether Mr. Mitchell knew if there will be taxes withheld at the rate of nine (9%) percent per corporation. Mr. Mitchell stated that taxes will be withheld at a rate of nine (9%) relative to this acquisition. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Griffith.

**Passed Unanimously**

**ITEM B – Board of Governors for Higher Education/University of Rhode Island –**

A request was made for approval of and signatures on a Lease Agreement by and between Kovogen, LLC and the Board of Governors for Higher Education/University of Rhode Island for one hundred twenty-seven (127) square feet of laboratory space located within Ranger Hall in the Town of Kingston. Mr. Saccoccio explained that the University of Rhode Island entered into a research collaboration project via a research subcontract with Kovogen, LLC, which is a Connecticut corporation. Kovogen, LLC received a small business research grant from the National Institute for Health and the University of Rhode Island will take part in said research. Mr. Saccoccio indicated that said research involves synthesis molecular probes used in magnetic resonance imaging. Mr. Saccoccio indicated that the submission memorandum addressed to the State Properties Committee includes a detailed explanation of the scientific concepts relating to said research. Mr. Saccoccio indicated that the aforementioned probes have the potential to serve as a powerful diagnostic agent for the early detection and enhanced treatment of

traumatic brain injury, Atherosclerosis, Multiple Sclerosis, Parkinson's Disease and Alzheimer's Disease. As a result of this collaboration and if this technology is successfully developed, the University will own a portion of the intellectual property rights. Therefore, this research could have a tremendous impact on healthcare and bestow a valuable resource to the University of Rhode Island as well as to the State of Rhode Island. Mr. Saccoccio stated that the lease fee is approximately \$2,100 per year for 127± square feet of space, which contains a sink and a bench only. There are no plans to alter or improve the premises and it will be occupied by both Kovogen and University scientist for a period of approximately two (2) years. Chairman Flynn noted that this appears to be a very exciting collaboration and asked if there are other similar arrangements within the University, whereby University professors are involved with private companies to perform research on campus. Mr. Saccoccio indicated that in either 2003 or 2005, the University enacted a section of the Public/Private Partnership Act, for the specific purpose of bringing University researchers and private corporations together in partnership. Mr. Saccoccio indicated that although the subject lease involves a very small amount of space, the University completed the entire ethics process including an appearance before the Ethics Commission to obtain all necessary approvals. Mr. Griffith asked if the University of Rhode Island keeps track of these types of arrangements and reports their results. Mr. Saccoccio explained that the statute requires the institutions to appoint an institutional conflict of interest management committee.

**Mr. Saccoccio stated that he is in fact a member of said Committee, which employs a monitoring plan that is reviewed on an annual basis.**

**The Committee is then required to submit an annual report to the General Assembly and the Office of the Governor. Mr. Saccoccio noted that since the law was in-acted, he believes there have been four (4) such partnerships approved. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Griffith.**

**Passed Unanimously**

**ITEM C – Department of Environmental Management – A request was made for approval to solicit bids via a Request for Proposals to engage the services of a qualified entity to develop, manage and operate land and buildings located at Camp Pastore in the Town of Charlestown. Ms. Bisson explained that the Department was previously before the State Properties Committee to obtain approval to transfer the subject property from the Department of Mental Health, Retardation and Hospitals back to the Department of Environmental Management and more recently in June of 2009, to enter into a Lease Agreement with Perspectives Corporation for the operation of summer day-camp for children with disabilities. At the time, the Department explained that it was examining the possibility of utilizing the property for a purpose which would broaden and enhance the recreational value of the property as well as provide additional income to the State of Rhode Island through the leasing of the facility.**

**Ms. Bisson stated that the Department is seeking approval to solicit bids from qualified entities via a Request for Proposals process to operate some sort of conference/recreational facility with overnight**

camping amenities. The Department envisions a facility that is a somewhat primitive version of the Alton Jones Campus. Ms. Bisson explained that the Department would select the successful entity and subsequently enter into an agreement similar to the concession contracts utilized by the Department wherein the lessee provides a portion of the rental fees to the State of Rhode Island with an additional portion being allocated for the maintenance and enhancement of the property. Ms. Bisson explained that three (3) major factors will be considered by the Department in evaluating a proposal: (1) the proposed use and how the entity intends to operate the property and associated facilities; (2) whether the proposal fully meets the criterion and specifications set forth in the Request for Proposals issued by the Department; and (3) the entity's credentials in terms of financial commitments as well as its experience and staffing qualifications. Once the proposals have been evaluated internally, the Department will return to the State Properties Committee to explain the results of said evaluation process and to advise the Committee the successful candidate chosen by the Department. By way of background, Chairman Flynn explained that the Perspectives Corporation, which is a for-profit company, had a longstanding arrangement with MHRH to utilize the property without the benefit of a legal contract, and due to time constraints, there was not sufficient time for the Department of Environmental Management to modify said arrangement prior to the past summer season. However, the Department now has an opportunity to rectify that situation and enter into a formal lease agreement. Mr. Pagliarini

asked if the Department believes this property could potentially create competition for the Alton Jones Campus. Mr. Parquette stated that as the subject property is much smaller than the Alton Jones Campus and although the location is ideal, the property is extremely rustic and the building is in need of a great deal of work; therefore, he does not foresee the potential for competition between it and the Alton Jones Campus. Mr. Parquette noted that the Department is eager to see who comes forward and the type of proposals received once the Request for Proposals is issued. A motion was made to approve by Mr. Griffith and seconded by Ms. Allaire-Johnson.

**Passed Unanimously**

**ITEM D – Department of Environmental Management – A request was made for approval of and signatures on an Indenture of Lease by and between the Department of Environmental Management and Paul J. Carvalho relating to property located at Lincoln Woods State Park, 1 Twin River Road in the Town of Lincoln. Ms. Bisson explained that the Department has a longstanding policy and good track record of leasing its caretaker's dwellings to qualified employees of the Department of Environmental Management. Ms. Bisson noted that the majority of the caretaker's homes are in fair to good condition and located in areas that are well used by the public. The tenants provide surveillance and alert the Department of any illegal activities on the properties. The tenants also respond to emergencies, answer public inquiries and perform a variety of other functions. Ms. Bisson noted the tenants are responsible for caring for the lawn and shrubbery as**

well as maintaining the property. The Department recently attempted to standardize some of the policies and procedures making the lease process more efficient relative to these caretakers' properties. For example, the Department requested and received approval to utilize HUD rental rates as opposed to engaging an appraiser to conduct separate appraisals of each property. Ms. Bisson indicated that this has proved to be a cost saving measure and a much more efficient means of obtaining property values. Chairman Flynn recalled the HUD rental rates were very often extremely close to the appraised values established by the commissioned appraisals. Ms. Bisson stated that the Chair's recollection is correct. In fact, the Department learned that HUD considers information that local appraisers rely upon to establish values and builds that information directly into the formulas it uses to establish rental rates. More recently, the Department has attempted to quantify and standardize the methods used to determine allowable deductions for services preformed by the caretakers on a twenty-four (24) hour, seven 7 days per week basis. Ms. Bisson stated that the subject property is located on the left hand side of Twin River Road after to the entrance to Lincoln Woods State Park and is adjacent to the horse stables. The annual rental fee for this three (3) bedroom home is \$6,852.00. The tenant is required to secure and maintain an insurance policy in the amount of \$300,000 in accordance with the State of Rhode Island Risk Management requirements. Chairman Flynn asked if the Lease Agreement contains a standard escalator clause. Ms. Bisson explained that for the three (3) year term of the Lease Agreement, the



rental fee will remain the same; however, at the expiration of the Lease Agreement, the formula is recalculated to determine the rental rate at that time. The rental fees are automatically deducted from the employee's payroll checks on a bi-weekly basis. Mr. Griffith asked if applicants are restricted to employees of the Department of Environmental Management. Ms. Bisson explained that the applicants are restricted in accordance with a specific process of elimination, which begins with (1) interested employees that presently work at the facility where the dwelling is located; (2) interested employees that presently work in region of facility; (3) finally, if no employees meeting the above criterion are interested, then employees Department wide are considered eligible. However, the Department does try to limit the applicants to facility personnel as they are most familiar with policies, procedures as well as the properties. Chairman Flynn asked if the Department requires and/or enforces standards of behavior for the tenants while residing on these properties; for example no loud, disorderly parties or more seriously illegal activities or whether this has ever been an issue in the past. Mr. Parquette indicated that to his knowledge this has never been an issue; however, staff members clearly explain and discuss expected conduct with the tenant's prior to entering into the Lease Agreements. A motion was made to approve by Mr. Griffith and seconded by Ms. Allaire-Johnson.

**Passed Unanimously**

**ITEM E – Department of Environmental Management – A request was made for**

approval of and signatures on an Indenture of Lease by and between the Department of Environmental Management and Daniel Puccella relating to property located at Fishermen's Memorial State Park, 1011 Point Judith Road in the Town of Narragansett. Ms. Bisson indicated that this is similar to Item D; however, the rental fee is different. The tenant is required to pay an annual rental fee in the amount of \$ 5,976 via bi-weekly deductions from his payroll check. In addition to being responsible for surveillance of the immediate area within Fishermen's Memorial State Park, Mr. Puccella also responds to alarms at the State beaches in the area. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Griffith.

**Passed Unanimously**

**ITEM F – Department of Environmental Management – A request was made for**

approval of and signatures on an Indenture of Lease by and between the Department of Environmental Management and Thomas Angelone relating to the premises located on the second floor of the Kelly House Museum, 1075 Lower River Road in the Town of Lincoln. Ms. Bisson explained that this property is more of an apartment than a caretaker's house. The apartment is located on the second floor of the Kelly House Museum. The annual rental fee is \$4,923.60. Ms. Angelone is required to secure and maintain an insurance policy in accordance with the aforementioned requirements. Ms. Bisson noted that other than surveillance of the immediate area, Mr. Angelone has no additional responsibilities relative to this property. A motion to

**approve was made by Mr. Pagliarini and seconded by Mr. Griffith.**

**Passed Unanimously**

**ITEM G – Department of Administration – A request for conceptual approval to sell 12,357 square feet of State-owned land located at 1615 Pontiac Avenue in the City of Cranston to 1615 Pontiac Avenue Condominium Associates. Item G is deferred to a future meeting of the State Properties Committee at the request of the Department of Administration.**

**There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:27 a.m. A motion was made to adjourn by Mr. Pagliarini and seconded by Mr. Griffith.**

**Passed Unanimously**

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**Holly H. Rhodes, Executive Secretary**